

## Methodology and Definitions

In the Sustainability Performance Indicators (SPI) element of the SMMS, the quantitative impact of posts' sustainability management is assessed. Participants submit data on carbon emissions, energy use, vehicle fleets, and destination of waste.

### Carbon emissions criteria

Emissions are calculated using internationally recognised greenhouse gas accounting standards, such as the World Resources Institute Greenhouse Gas (GHG) Protocol. We refer to the Protocol's direct and indirect emissions using the following Scope 1, Scope 2 and Scope 3 terminology:

<b>Scope 1</b>	All direct GHG emissions from operations that are owned or controlled by the company, including those from buildings and transport.
<b>Scope 2</b>	Indirect GHG emissions from the generation of purchased electricity, heat, steam, or cooling consumed by the company.
<b>Scope 3</b>	Other indirect emissions from sources within the company's value chain, including transport-related activities by vehicles not owned or controlled by the reporting entity, business travel and employee commuting, outsourced activities, etc.

The SMMS SPI Guidance provides participants with guidelines on reporting procedures for Scope 3 emissions, since the boundaries for emissions from the value chain can be very broad. We provide a consistent set of parameters for sector-wide reporting of Scope 3 emissions, based on the framework set out in the GHG Protocol Corporate Value Chain (Scope 3) Standard.

In response to participant feedback and analysis of past years' data, we continue to use a well-defined data collection coverage that encompasses the following four core categories, which collectively make up over 95% of total Scope 3 emissions:

- Outsourced or subcontracted road transport
- Outsourced or subcontracted air transport
- Employee commuting
- Business travel.

The further 11 GHG Protocol categories, such as capital goods and use of sold goods, are excluded as they are currently considered immaterial to the postal sector. So that the SMMS participants can better understand the implications of their corporate activities on their value chain carbon emissions, it is important to establish Scope 3 inventories.

Data on emissions from the above-mentioned sources are examined in the SMMS reporting on the IPC website, as part of our commitment to continuous improvement and to build a more comprehensive and accurate account of carbon emissions across the SMMS group.

Unfortunately, several posts are currently unable to collect data on employee commuting for privacy/legal reasons. As such, where appropriate, national averages have been used instead. In these instances, company mitigation activities focused on employee commuting will not result in measurable decreases in emissions from this source. As this is a significant source of Scope 3 emissions, we will continue to strive for more complete reporting of all participants.

Although IPC recognises subcontractors as having primary responsibility for their carbon emissions, we know that SMMS participants can have a positive influence on this component of the value chain. Moreover, posts are encouraged not to reduce Scope 1 emissions at the expense of increasing Scope 3 emissions through outsourcing and subcontracting. To this end, our delivery efficiency target includes emissions from subcontracted transport.

Over the duration of the programme, there have been a number of changes to the composition of the group of participants. Five new participants have joined since 2009, two posts have merged to make one post, while four of the original EMMS group participants no longer report to the programme.

In order to ensure that the programme remains dynamic and progressive, the aggregated results of the 19 participants that submitted data in the 2019 reporting year are presented (unless otherwise stated). Figures from posts that did not report data for this year have therefore been excluded from this and previous reporting years (back to and including the baseline year), so that a direct comparison can be made. We believe that this will enable us to more accurately track the reporting groups' progress towards the SMMS programme's targets. In order to achieve this, we have used the earliest data reported by the new participants and assumed these figures to be stable for all previous years to estimate 2008 baseline figures. Please see section of this document 'Exclusions and Estimations' for SMMS participants' reporting details. In addition, circumstances may arise in which participants need to restate their data from previous years, due to factors such as changes to internal company methodologies or reporting. The specific circumstances under which data was restated in 2020 is explained in 'Restatement Details', in this document.